SLAVIC VILLAGE DEVELOPMENT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

JUNE 30, 2019 AND 2018
INDEPENDENT AUDITORS’ REPORT .......................................................... 1-2

FINANCIAL STATEMENTS

Statements of Financial Position ........................................................................................................... 3

Statements of Activities and Changes in Net Assets
  June 30, 2019 ................................................................................................................................. 4
  June 30, 2018 ................................................................................................................................. 5

Statements of Functional Expenses
  June 30, 2019 ................................................................................................................................. 6
  June 30, 2018 ................................................................................................................................. 7

Statements of Cash Flows .................................................................................................................... 8

NOTES TO THE FINANCIAL STATEMENTS ................................................................................. 9-19


SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards ...................................................................................... 22


Schedule of Findings and Questioned Costs ....................................................................................... 25
November 27, 2019

To the Board of Directors
Slavic Village Development
Cleveland, Ohio

Independent Auditors’ Report

We have audited the accompanying financial statements of Slavic Village Development (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Slavic Village Development as of June 30, 2019 and 2018 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2019, on our consideration of Slavic Village Development’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Slavic Village Development’s internal control over financial reporting and compliance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (page 22), The Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance (pages 23-24), and the Schedule of Findings and Questioned Costs (page 25) are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Kuster, DiSalvo and Fried
## SLAVIC VILLAGE DEVELOPMENT
### STATEMENTS OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Note 3)</td>
<td>$335,880</td>
<td>$209,785</td>
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<tr>
<td>Receivables (Note 4)</td>
<td>315,307</td>
<td>204,274</td>
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<tr>
<td>Prepaid expenses</td>
<td>747</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>651,934</td>
<td>414,223</td>
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<tr>
<td><strong>Net Property and Equipment (Note 5)</strong></td>
<td>349,670</td>
<td>366,707</td>
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<tr>
<td><strong>Other Assets</strong></td>
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<tr>
<td>Notes and interest receivable (Note 6)</td>
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<td>1,178,740</td>
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<tr>
<td>Due from affiliate (Note 7)</td>
<td>165,043</td>
<td>164,766</td>
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<tr>
<td>Real estate for sale (Note 9)</td>
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<td>579,277</td>
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<tr>
<td>Deposits</td>
<td>500</td>
<td>500</td>
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<tr>
<td><strong>Total Other Assets</strong></td>
<td>1,431,358</td>
<td>1,923,283</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$2,432,962</strong></td>
<td><strong>$2,704,213</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts payable</td>
<td>$27,409</td>
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<tr>
<td>Huntington line of credit (Note 10)</td>
<td>190,000</td>
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<td>Current portion long term debt</td>
<td>23,199</td>
<td>22,069</td>
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<tr>
<td>Credit Card</td>
<td>1,038</td>
<td>1,952</td>
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<tr>
<td>Accrued expenses</td>
<td>11,058</td>
<td>10,684</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>252,704</td>
<td>188,570</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable (Note 11)</td>
<td>824,390</td>
<td>931,273</td>
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<tr>
<td>Security deposit</td>
<td>2,050</td>
<td>2,050</td>
</tr>
<tr>
<td>Less current portion long term debt</td>
<td>(23,199)</td>
<td>(22,069)</td>
</tr>
<tr>
<td><strong>Total Long-Term Liabilities</strong></td>
<td>803,241</td>
<td>911,254</td>
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<td><strong>Total Liabilities</strong></td>
<td>1,055,945</td>
<td>1,099,824</td>
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<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>1,177,676</td>
<td>1,416,130</td>
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<tr>
<td>With donor restrictions (Note 12)</td>
<td>199,341</td>
<td>188,259</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td>1,377,017</td>
<td>1,604,389</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$2,432,962</strong></td>
<td><strong>$2,704,213</strong></td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Financial Statements

3
## SLAVIC VILLAGE DEVELOPMENT
### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
#### FOR THE YEAR ENDED JUNE 30, 2019

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants (Note 14)</td>
<td>$</td>
<td>$2,406,066</td>
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<tr>
<td>Contributions</td>
<td>38,684</td>
<td>38,684</td>
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<tr>
<td>Cleveland Neighborhood Partnership program</td>
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<td>125,000</td>
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<tr>
<td>Management fees</td>
<td>37,957</td>
<td>37,957</td>
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<tr>
<td>Contract fees</td>
<td>29,087</td>
<td>29,087</td>
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<tr>
<td>Development fees</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5,562</td>
<td>5,562</td>
</tr>
<tr>
<td>Fundraising-general</td>
<td>68,229</td>
<td>68,229</td>
</tr>
<tr>
<td>Interest income</td>
<td>195</td>
<td>195</td>
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<tr>
<td>Rental income</td>
<td>83,070</td>
<td>83,070</td>
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<tr>
<td>(Loss) on disposal</td>
<td>(146,815)</td>
<td>(146,815)</td>
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<tr>
<td>Released</td>
<td>2,519,984</td>
<td>(2,519,984)</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td>2,680,953</td>
<td>11,082</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial development</td>
<td>237,396</td>
<td>237,396</td>
</tr>
<tr>
<td>Housing production</td>
<td>215,968</td>
<td>215,968</td>
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<tr>
<td>Real estate</td>
<td>33,328</td>
<td>33,328</td>
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<tr>
<td>Consumer services</td>
<td>1,289,560</td>
<td>1,289,560</td>
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<tr>
<td>Special projects</td>
<td>437,508</td>
<td>437,508</td>
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<tr>
<td>Property management</td>
<td>172,618</td>
<td>172,618</td>
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<tr>
<td>Community organizing</td>
<td>199,417</td>
<td>199,417</td>
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<tr>
<td>Code enforcement</td>
<td>123,964</td>
<td>123,964</td>
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<tr>
<td><strong>Total Program services expenses</strong></td>
<td>2,709,759</td>
<td></td>
</tr>
<tr>
<td>Management expenses</td>
<td>169,628</td>
<td>169,628</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>40,020</td>
<td>40,020</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>2,919,407</td>
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</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>(238,454)</td>
<td>11,082</td>
</tr>
<tr>
<td>Net Assets at Beginning of Year</td>
<td>1,416,130</td>
<td>188,259</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>$1,177,676</td>
<td>$199,341</td>
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</table>

The Accompanying Notes are an Integral Part of These Financial Statements
## SLAVIC VILLAGE DEVELOPMENT
### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
#### FOR THE YEAR ENDED JUNE 30, 2018

The Accompanying Notes are an Integral Part of These Financial Statements

### Without Donor

<table>
<thead>
<tr>
<th>Revenue and Support</th>
<th>Restrictions</th>
<th>Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants (Note 14)</td>
<td>$</td>
<td>$ 1,872,053</td>
<td>$ 1,872,053</td>
</tr>
<tr>
<td>Contributions</td>
<td>60,694</td>
<td>-</td>
<td>60,694</td>
</tr>
</tbody>
</table>
| Cleveland Neighborhood Partnership  
  Program            | -            | 125,000      | 125,000 |
| Management fees     | 31,628       | -            | 31,628 |
| Contract fees       | 74,755       | -            | 74,755 |
| Miscellaneous       | 3,630        | -            | 3,630 |
| Fundraising-general | 76,952       | -            | 76,952 |
| Interest income     | 187          | -            | 187 |
| Rental income       | 78,026       | -            | 78,026 |
| Gain on sale        | 120,156      | -            | 120,156 |
| Released            | 1,947,661    | -            | 1,947,661 |
| **Total Revenue and Support** | **2,393,689** | **49,392** | **2,443,081** |

### Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Without Donor</th>
<th>Without Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial development</td>
<td>324,115</td>
<td>-</td>
<td>324,115</td>
</tr>
<tr>
<td>Housing production</td>
<td>219,954</td>
<td>-</td>
<td>219,954</td>
</tr>
<tr>
<td>Real estate</td>
<td>62,120</td>
<td>-</td>
<td>62,120</td>
</tr>
<tr>
<td>Consumer services</td>
<td>569,035</td>
<td>-</td>
<td>569,035</td>
</tr>
<tr>
<td>Special projects</td>
<td>554,775</td>
<td>-</td>
<td>554,775</td>
</tr>
<tr>
<td>Property management</td>
<td>171,026</td>
<td>-</td>
<td>171,026</td>
</tr>
<tr>
<td>Community organizing</td>
<td>226,410</td>
<td>-</td>
<td>226,410</td>
</tr>
<tr>
<td>Code enforcement</td>
<td>117,128</td>
<td>-</td>
<td>117,128</td>
</tr>
<tr>
<td><strong>Total Program services expenses</strong></td>
<td><strong>2,244,563</strong></td>
<td><strong>-</strong></td>
<td><strong>2,244,563</strong></td>
</tr>
<tr>
<td>Management expenses</td>
<td>168,031</td>
<td>-</td>
<td>168,031</td>
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<tr>
<td>Fundraising expenses</td>
<td>46,790</td>
<td>-</td>
<td>46,790</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>2,459,384</strong></td>
<td><strong>-</strong></td>
<td><strong>2,459,384</strong></td>
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</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th>Prior Period Adjustment (Note 8)</th>
<th>Net Assets at Beginning of Year</th>
<th>NET ASSETS AT END OF YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>(65,695)</td>
<td>55,520</td>
<td>1,426,305</td>
<td>$ 1,416,130 $ 188,259 $ 1,604,389</td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Financial Statements

5
### SLAVIC VILLAGE DEVELOPMENT
### STATEMENT OF FUNCTIONAL EXPENSES
### FOR THE YEAR ENDED JUNE 30, 2019

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Program Services</th>
<th>Management</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 640,733</td>
<td>$ 89,549</td>
<td>$ 7,664</td>
<td>$ 737,946</td>
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<tr>
<td>Contractor services</td>
<td>266,909</td>
<td>484</td>
<td>-</td>
<td>267,393</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>197,796</td>
<td>34,800</td>
<td>-</td>
<td>232,596</td>
</tr>
<tr>
<td>Landscaping</td>
<td>60,460</td>
<td>-</td>
<td>-</td>
<td>60,460</td>
</tr>
<tr>
<td>Down payment assistance</td>
<td>1,272,000</td>
<td>-</td>
<td>-</td>
<td>1,272,000</td>
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<tr>
<td>Program support</td>
<td>20,547</td>
<td>-</td>
<td>-</td>
<td>20,547</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>4,035</td>
<td>8,618</td>
<td>-</td>
<td>12,653</td>
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<tr>
<td>Utilities</td>
<td>32,408</td>
<td>3,669</td>
<td>-</td>
<td>36,077</td>
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<td>Insurance</td>
<td>13,479</td>
<td>7,420</td>
<td>-</td>
<td>20,899</td>
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<td>Interest</td>
<td>21,665</td>
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<td>-</td>
<td>23,827</td>
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<tr>
<td>Supplies</td>
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<td>16,467</td>
<td>83,035</td>
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<td>Miscellaneous</td>
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<td>2,257</td>
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<td>Snow removal</td>
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<td>-</td>
<td>2,700</td>
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<tr>
<td>Real estate taxes</td>
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<td>-</td>
<td>-</td>
<td>23,315</td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,764</td>
<td>2,272</td>
<td>-</td>
<td>17,036</td>
</tr>
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<td>Computer support</td>
<td>9,511</td>
<td>1,463</td>
<td>-</td>
<td>10,974</td>
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<td>Meeting expense</td>
<td>17,663</td>
<td>275</td>
<td>10,952</td>
<td>28,890</td>
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<td>Equipment rental</td>
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<td>176</td>
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<td>1,320</td>
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<tr>
<td>Postage</td>
<td>1,484</td>
<td>633</td>
<td>60</td>
<td>2,177</td>
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<td>Audit</td>
<td>4,788</td>
<td>737</td>
<td>-</td>
<td>5,525</td>
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<td>Office supplies</td>
<td>2,713</td>
<td>383</td>
<td>-</td>
<td>3,096</td>
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<td>Cleaning</td>
<td>5,408</td>
<td>832</td>
<td>-</td>
<td>6,240</td>
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<tr>
<td>Legal fees</td>
<td>810</td>
<td>-</td>
<td>-</td>
<td>810</td>
</tr>
<tr>
<td>Mileage and parking</td>
<td>4,088</td>
<td>10</td>
<td>-</td>
<td>4,098</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,515</td>
<td>3,469</td>
<td>-</td>
<td>4,984</td>
</tr>
<tr>
<td>Licenses, permits &amp; bonds</td>
<td>2,292</td>
<td>350</td>
<td>190</td>
<td>2,832</td>
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<tr>
<td>Bank service charges</td>
<td>4,677</td>
<td>2,263</td>
<td>-</td>
<td>6,940</td>
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<tr>
<td>Mat rental</td>
<td>536</td>
<td>82</td>
<td>-</td>
<td>618</td>
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<td>Security</td>
<td>1,074</td>
<td>240</td>
<td>380</td>
<td>1,694</td>
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<tr>
<td>Training and seminars</td>
<td>3,833</td>
<td>7,079</td>
<td>-</td>
<td>10,912</td>
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<tr>
<td>Marketing and publicity</td>
<td>2,475</td>
<td>-</td>
<td>4,107</td>
<td>6,582</td>
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<tr>
<td>Rubbish removal</td>
<td>5,162</td>
<td>125</td>
<td>-</td>
<td>5,287</td>
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<tr>
<td>Exterminating</td>
<td>639</td>
<td>46</td>
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<td>685</td>
</tr>
<tr>
<td>Payroll fees</td>
<td>659</td>
<td>101</td>
<td>-</td>
<td>760</td>
</tr>
<tr>
<td>Space rental</td>
<td>2,000</td>
<td>-</td>
<td>200</td>
<td>2,200</td>
</tr>
</tbody>
</table>

**Total Expenses**  
$ 2,709,759  $ 169,628  $ 40,020  $ 2,919,407

The Accompanying Notes are an Integral Part of These Financial Statements
SLAVIC VILLAGE DEVELOPMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Program Services</th>
<th>Management</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 647,362</td>
<td>$ 84,291</td>
<td>$ 5,487</td>
<td>$ 737,140</td>
</tr>
<tr>
<td>Contractor services</td>
<td>506,920</td>
<td>1,703</td>
<td>7,946</td>
<td>516,569</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>201,307</td>
<td>37,280</td>
<td>1,209</td>
<td>239,796</td>
</tr>
<tr>
<td>Landscaping</td>
<td>58,334</td>
<td>-</td>
<td>-</td>
<td>58,334</td>
</tr>
<tr>
<td>Down payment assistance</td>
<td>550,506</td>
<td>-</td>
<td>-</td>
<td>550,506</td>
</tr>
<tr>
<td>Program support</td>
<td>82,749</td>
<td>-</td>
<td>-</td>
<td>82,749</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>2,618</td>
<td>4,109</td>
<td>23</td>
<td>6,750</td>
</tr>
<tr>
<td>Utilities</td>
<td>22,782</td>
<td>3,289</td>
<td>1,409</td>
<td>27,480</td>
</tr>
<tr>
<td>Insurance</td>
<td>9,034</td>
<td>12,491</td>
<td>443</td>
<td>21,968</td>
</tr>
<tr>
<td>Interest</td>
<td>18,220</td>
<td>9,087</td>
<td>824</td>
<td>28,131</td>
</tr>
<tr>
<td>Supplies</td>
<td>52,267</td>
<td>234</td>
<td>11,916</td>
<td>64,417</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>915</td>
<td>-</td>
<td>-</td>
<td>915</td>
</tr>
<tr>
<td>Snow removal</td>
<td>2,725</td>
<td>-</td>
<td>-</td>
<td>2,725</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>16,680</td>
<td>-</td>
<td>-</td>
<td>16,680</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,679</td>
<td>4,234</td>
<td>1,137</td>
<td>17,050</td>
</tr>
<tr>
<td>Computer support</td>
<td>5,192</td>
<td>865</td>
<td>433</td>
<td>6,490</td>
</tr>
<tr>
<td>Meeting expense</td>
<td>12,473</td>
<td>1,758</td>
<td>8,030</td>
<td>22,261</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>1,056</td>
<td>176</td>
<td>88</td>
<td>1,320</td>
</tr>
<tr>
<td>Postage</td>
<td>1,388</td>
<td>291</td>
<td>1,384</td>
<td>3,063</td>
</tr>
<tr>
<td>Audit</td>
<td>3,620</td>
<td>603</td>
<td>302</td>
<td>4,525</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,462</td>
<td>265</td>
<td>132</td>
<td>2,859</td>
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<tr>
<td>Cleaning</td>
<td>4,992</td>
<td>832</td>
<td>416</td>
<td>6,240</td>
</tr>
<tr>
<td>Mileage and parking</td>
<td>1,051</td>
<td>-</td>
<td>-</td>
<td>1,051</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,325</td>
<td>3,074</td>
<td>1,270</td>
<td>5,669</td>
</tr>
<tr>
<td>Licenses, permits &amp; bonds</td>
<td>1,023</td>
<td>355</td>
<td>215</td>
<td>1,593</td>
</tr>
<tr>
<td>Bank service charges</td>
<td>2,502</td>
<td>1,227</td>
<td>40</td>
<td>3,769</td>
</tr>
<tr>
<td>Mat rental</td>
<td>472</td>
<td>79</td>
<td>39</td>
<td>590</td>
</tr>
<tr>
<td>Security</td>
<td>913</td>
<td>240</td>
<td>525</td>
<td>1,678</td>
</tr>
<tr>
<td>Training and seminars</td>
<td>4,689</td>
<td>1,145</td>
<td>-</td>
<td>5,834</td>
</tr>
<tr>
<td>Marketing and publicity</td>
<td>993</td>
<td>-</td>
<td>2,443</td>
<td>3,436</td>
</tr>
<tr>
<td>Rubbish removal</td>
<td>10,084</td>
<td>258</td>
<td>129</td>
<td>10,471</td>
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<tr>
<td>Exterminating</td>
<td>630</td>
<td>45</td>
<td>-</td>
<td>675</td>
</tr>
<tr>
<td>Payroll fees</td>
<td>600</td>
<td>100</td>
<td>50</td>
<td>750</td>
</tr>
<tr>
<td>Space rental</td>
<td>5,000</td>
<td>-</td>
<td>900</td>
<td>5,900</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 2,244,563</strong></td>
<td><strong>$ 168,031</strong></td>
<td><strong>$ 46,790</strong></td>
<td><strong>$ 2,459,384</strong></td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Financial Statements
SLAVIC VILLAGE DEVELOPMENT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED  

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change</td>
<td>$(227,372)</td>
<td>$(16,303)</td>
</tr>
<tr>
<td>Adjustments to reconcile Net Change to net cash provided by (used in) operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>17,036</td>
<td>17,062</td>
</tr>
<tr>
<td>Losses (Gains) on sales of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>146,815</td>
<td>(120,156)</td>
</tr>
<tr>
<td>(Increase) Decrease in Operating Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(111,033)</td>
<td>76,706</td>
</tr>
<tr>
<td>Prepaids</td>
<td>(583)</td>
<td>515</td>
</tr>
<tr>
<td>Increase (Decrease) in Operating Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>13,544</td>
<td>(1,160)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>374</td>
<td>4,915</td>
</tr>
<tr>
<td>Credit cards</td>
<td>(913)</td>
<td>(490)</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>65,240</td>
<td>(22,608)</td>
</tr>
<tr>
<td>Net Cash (Used In) Operating Activities</td>
<td>(162,132)</td>
<td>(38,911)</td>
</tr>
</tbody>
</table>

|                                |               |               |
| **Cash Flows From Investing Activities** |               |               |
| Collection of long term receivable | 325,000       | -             |
| Due from affiliates             | (277)         | 639           |
| Real estate held for resale     | 20,387        | 130,770       |
| Net Cash Provided By Investing Activities | 345,110       | 131,409       |

|                                |               |               |
| **Cash Flows From Financing Activities** |               |               |
| Credit line (repayment) draws   | 50,000        | (10,000)      |
| Net Principal Proceeds (repayment) on long-term debt | (106,883)     | 22,899        |
| Net Cash (Used In) Provided By Financing Activities | (56,883)      | 12,899        |

|                                |               |               |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 126,095       | 105,397       |

|                                |               |               |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 209,785       | 104,388       |

|                                |               |               |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | $335,880      | $209,785      |

|                                |               |               |
| **Supplemental information**   |               |               |
| Amount of interest paid on all indebtness | $23,827       | $28,131       |

The Accompanying Notes are an Integral Part of These Financial Statements  
8
NOTE 1- Description of Organization

A. Slavic Village Development (SVD) (the organization) is a non-profit organization primarily funded through grants and contracts with non-profit housing agencies and the City of Cleveland, Ohio. Its primary activities are the construction, rehabilitation, and management of residential homes and multifamily units in the Slavic Village and Broadway Avenue area of Cleveland, Ohio. Its subsidiaries Main Street Development, Inc. and OUL Building, LLC are for-profit entities.

In addition, SVD works to create jobs and employment opportunities, alleviate physical and economic deterioration, stimulate economic revitalization, improve safety and promote the general welfare of residents and businesses located in the Slavic Village and Broadway Avenue neighborhood.

B. SVD was founded in 1980, and is tax-exempt under Internal Revenue Service Code Section 501(c)(3).

NOTE 2- Summary of Significant Accounting Policies

A. General Methods- The accompanying financial statements have been prepared as prescribed in the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.

B. Accrual Basis- The organization records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.

C. Standards of the Financial Accounting Standards Board (FASB)- SVD complies with FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to temporarily restricted net assets.

SVD also complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, issued in August 2016 by the FASB, which requires a not-for-profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions. The effective date for this ASU is for fiscal years beginning after December 15, 2017.

See Auditors’ Report
NOTE 2- Summary of Significant Accounting Policies (Continued)

As required by ASU No. 2016-14, contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. For the years ended June 30, 2019 and 2018, net assets with donor restrictions of $199,341 and $188,259, respectively, are included in cash and cash equivalents. Releases from restrictions in fiscal year ended June 30, 2019 were $2,519,984, of which $0 was released due to expiration of time restrictions and $2,520,347 due to expenditures. Releases from restrictions in fiscal year ended June 30, 2018 of $1,947,661 were $0 due to time and $1,947,661 due to expenditures.

D. Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

E. Depreciation - Property and equipment are depreciated using the straight-line method over estimated useful lives. (See Note 5- Property and Equipment)

F. Allocation of Expenses- Expenses are generally charged to the specific programs for which they are incurred. In some cases, however, common expenses are incurred which support the work performed under program services as well as supporting services. Such expenses are allocated among the various program services and support services based on the relationship of functionalized payroll costs to total payroll costs.

G. Contributions and Grants- Nonrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants with donor restrictions are recorded as temporarily restricted grants when awarded. Some grants awarded to SVD require the fulfillment of certain specific conditions. Failure to fulfill these conditions could result in either the return of funds to the grantor or the refusal by the grantor to release additional funds pursuant to the grant. These grants are recorded as refundable advances unless the likelihood of not meeting the conditions is remote (in which case they are recorded as contributions).

H. SVD complies with FASB ASC 740- Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. Management believes that there are no uncertain tax positions. The organization's tax years that remain subject to examination by the Internal Revenue Service are Fiscal Year Ended June 30, 2016, and forward.

See Auditors' Report
NOTE 2- Summary of Significant Accounting Policies (Continued)

I. Advertising Costs- SVD expenses advertising costs when incurred.

J. Recently issued pronouncements - From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) and are adopted by the organization as of the specified effective date. Unless otherwise discussed, the organization believes that the impact of other recently issued accounting pronouncements will not have a material impact on its financial position, statements of activities, changes in net assets, and cash flows, or do not apply to the organization's operations.

The FASB issued an accounting standard update for leases. The guidance is effective for private companies for fiscal years beginning after December 15, 2019. Management is evaluating the impact of the adoption of this guidance on the organization's financial statements.

K. Investments Measured at Fair Value (if any)- Initial valuation- Pursuant to FASB ASC 958-320 and FASB ASC 958-325, SVD initially measures investments at acquisition cost (including brokerage cost and transaction fees) if they are purchased. If they are received as a donation, they are recorded at estimated fair value.

Subsequent valuation- SVD complies with FASB ASC 958-320, which requires investments in equity securities with readily determined fair value and all investments in debt securities to be measured at fair value in the statement of financial position. With regard to other investments, such as real estate, SVD values the investment at lower of cost or management’s estimate of fair value.

Valuation hierarchy- FASB ASC 820-10-50 Fair Value Measurements and Disclosures requires categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For SVD the financial assets and liabilities reported at fair value are based upon quoted prices for identical assets or liabilities in an active market (Level 1), except for the investment in LLC (See Note 8).

L. Impairment of long-lived assets- As required by the Property, Plant and Equipment topic of FASB ASC, the organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There was no impairment during fiscal years ended June 30, 2019 or 2018.

See Auditors’ Report
NOTE 2- Summary of Significant Accounting Policies (Continued)

M. Donated services and materials: Governments, agencies, volunteers, businesses and others contribute services toward the fulfillment of projects initiated by SVD. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services. Donated materials have also not been recorded in the financial statements, except for capitalized equipment.

NOTE 3- Cash and Cash Equivalents

The organization maintains cash balances at several financial institutions located in Cleveland, Ohio. Cash in these accounts may, at times, exceed the Federal Deposit Insurance Corporation limit. The organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash.

SVD considers all short-term, highly liquid investments to be cash equivalents. These investments are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. There are no restrictions on the bank accounts.

NOTE 4- Receivables

Based upon a review of specific accounts, SVD considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 5- Property and Equipment

Property and equipment are stated at cost if purchased or at the fair market value on the date of donation, if contributed. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$4,350</td>
<td>$4,350</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>601,337</td>
<td>601,337</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>46,388</td>
<td>46,388</td>
</tr>
<tr>
<td></td>
<td>652,075</td>
<td>652,075</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(302,405)</td>
<td>(285,368)</td>
</tr>
<tr>
<td></td>
<td>$349,670</td>
<td>$366,707</td>
</tr>
</tbody>
</table>

See Auditors’ Report
NOTE 5- Property and Equipment (Continued)

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements:</td>
<td>40 years</td>
</tr>
<tr>
<td>Furniture and equipment:</td>
<td>5 years</td>
</tr>
</tbody>
</table>

Costs of maintenance and repairs are charged to expenses. Costs of renewals and betterments, where significant in amount, are capitalized.

NOTE 6 – Notes and Interest Receivable

Harvard Elderly Limited Partnership: 1% $100,000 note was originally due December 2017. The note was secured by a real estate mortgage.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Harvard Elderly Limited Partnership: 5.24% $225,000 note was originally due December 2017. The note was secured by a real estate mortgage.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>225,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Atlas Savings L.P.:
6% $300,000 note due in October 2018 with interest accruing and compounding semi-annually until cash flow permits payments. Commencing in 2005, an annual payment equal to 1% of the outstanding balance was due. The note is secured by a real estate mortgage. Unpaid principal and interest are due at maturity. (See Note 19- Subsequent events)

<table>
<thead>
<tr>
<th></th>
<th>300,000</th>
<th>300,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>unpaid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unpaid accrued interest.

<table>
<thead>
<tr>
<th></th>
<th>218,740</th>
<th>218,740</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6% $120,000 unsecured note due in September 2033 with interest accruing and compounded semi-annually. On April 30 of each year, Atlas must pay 50% of the project’s cash flow for the most recently ended year to the extent that cash flow exceeds $10,000. Unpaid principal and interest are due at maturity or upon sale of the project, whichever is first.

<table>
<thead>
<tr>
<th></th>
<th>120,000</th>
<th>120,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

0.5% $215,000 unsecured note due in December 2033 with interest accruing and compounding annually. Interest payments are due each December provided cash flow is available. Unpaid principal and interest are due at maturity.

<table>
<thead>
<tr>
<th></th>
<th>215,000</th>
<th>215,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total due from Atlas Savings L.P.:

<table>
<thead>
<tr>
<th></th>
<th>853,740</th>
<th>853,740</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Notes Receivable:

<table>
<thead>
<tr>
<th></th>
<th>$853,740</th>
<th>$1,178,740</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SLAVIC VILLAGE DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

NOTE 7- Due from affiliate

In addition to the unsecured notes receivable above, Atlas Savings L.P. owes SVD for maintenance and management fees in the amount of $165,043 and $164,766 for fiscal years ended June 30, 2019 and 2018, respectively. See Note 15 – Related Party Transactions.

Note 8- Investment in LLC/ Prior Period Adjustment:

In March 2013, SVD invested $25,000 in Slavic Village Recovery, LLC (the LLC), resulting in SVD’s having a 10% membership interest in the LLC. In January 2017, SVD acquired Forest City Residential Group, LLC’s 40% interest in Slavic Village Recovery, LLC resulting in a 50% interest in the LLC. SVD then transferred 45% of its membership interest in the LLC to Land Assembly for Neighborhood Development, Ltd retaining a 5% membership interest.

In December 2018, SVD acquired ITA Klein Investment Co., LLC’s 40% interest in Slavic Village Recovery, LLC resulting in a 45% interest in the LLC. SVD then transferred 40% of its membership interest in the LLC to Land Assembly for Neighborhood Development, Ltd retaining a 5% membership interest.

The purpose and business of the limited liability company is to acquire, rehabilitate, raze, sell and lease, as applicable, vacant and available properties within a designated project area in the Slavic Village neighborhood in Cleveland, Ohio. The investment is accounted for under the cost method of accounting, adjusted for the earnings and losses of the LLC. Slavic Village Development’s interest in the LLC as of June 30, 2019 and 2018 was deficit of $30,752 and $31,464, respectively.

Prior losses in excess of SVD’s investment were incorrectly recorded resulting in a deficit investment balance. As SVD is not required to restore the deficit balance, the investment cannot be reduced below zero. An adjustment of $55,520 had been made to the beginning balance of net assets without donor restrictions for the FYE ended June 30, 2018.

NOTE 9- Real Estate for sale

Investments in real estate are stated at cost plus the amounts of any additional expenditure. The real estate is purchased for the purpose of maintaining control over vacant lots or preventing further blight on the premises. The lots will eventually be sold and developed into new housing in the community.

Note 10- Huntington Line of Credit:

SVD has a business line of credit with a credit limit of $300,000, renewable annually. Interest is calculated at the bank’s prime rate (5.16% as of June 30, 2019), and is secured by property at 5620 Broadway Avenue.

See Auditors’ Report
Note 11- Notes payable:

Mortgage note payable to the City of Cleveland, requires an annual interest only payment (1%) for years 2005 through 2021 and a balloon payment in year 2021. Note is secured by the note receivable from Atlas Savings, L.P. $ 300,000 $ 300,000

Mortgage note payable to Village Capital Corp. requires monthly interest (5%) and principal payments of $2,212, through September 2020 based on a 10-year amortization, secured by SVD's office building and assignment of leases and rents. 179,884 196,955

Mortgage note payable to Ohio Housing Finance Agency, due September 2033, interest at 2% is accrued annually and payable September 2033. Note is secured by the note receivable from Atlas Savings, L.P. 120,000 120,000

Mortgage note payable to Third Federal Savings & Loan in monthly installments of $800, including interest at 5%, through December 2032 based on a 30-year amortization, secured by 5620 Broadway Ave. real estate. 89,506 94,493

Mortgage note payable to City of Cleveland, non-interest bearing, to finance acquisition and demolition of a commercial building at 7655 Broadway Avenue, due in 2025. 95,000 95,000

Note payable to City of Cleveland, unsecured and non-interest bearing. Forgivable when SVD meets specific goals related to new jobs created. 40,000 40,000

Notes payable to City of Cleveland monthly payments deferred indefinitely, secured by 5620 Broadway Ave. real estate. Balance includes $26,325 accrued interest. - 84,825

Total Notes Payable: $ 824,390 $ 931,273

See Auditors’ Report
Note 11- Notes payable: (Continued)

Future minimum obligations on notes payable are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$23,199</td>
</tr>
<tr>
<td>2021</td>
<td>$167,446</td>
</tr>
<tr>
<td>2022</td>
<td>$305,796</td>
</tr>
<tr>
<td>2023</td>
<td>$6,093</td>
</tr>
<tr>
<td>2024</td>
<td>$6,404</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$315,452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$824,390</strong></td>
</tr>
</tbody>
</table>

NOTE 12- Restrictions on Net Assets

Net assets were with donor restrictions as of June 30, 2019 and 2018 from the following grants:

<table>
<thead>
<tr>
<th>Grant</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makers’ District</td>
<td>$2,050</td>
<td>$2,050</td>
</tr>
<tr>
<td>Arch Project</td>
<td>$6,296</td>
<td>-</td>
</tr>
<tr>
<td>Cleveland Neighborhood Progress</td>
<td>$26,931</td>
<td>$59,650</td>
</tr>
<tr>
<td>Eco District</td>
<td>$16,504</td>
<td>-</td>
</tr>
<tr>
<td>McGregor Foundation</td>
<td>$25,265</td>
<td>$265</td>
</tr>
<tr>
<td>Vital Neighborhoods</td>
<td>$7,093</td>
<td>$1,000</td>
</tr>
<tr>
<td>Neighborhood Connections</td>
<td>$16,897</td>
<td>$18,493</td>
</tr>
<tr>
<td>Center of Community Solutions</td>
<td>-</td>
<td>$21,491</td>
</tr>
<tr>
<td>Third Federal Foundation</td>
<td>$89,700</td>
<td>$64,322</td>
</tr>
<tr>
<td>JPM Chase Bank</td>
<td>$6,427</td>
<td>$7,375</td>
</tr>
<tr>
<td>Other</td>
<td>$2,271</td>
<td>$3,478</td>
</tr>
<tr>
<td>Wells Fargo Foundation</td>
<td>-</td>
<td>$10,135</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$199,341</strong></td>
<td><strong>$188,259</strong></td>
</tr>
</tbody>
</table>

NOTE 13- Change in Accounting Principle/Restatement

On August 18, 2016, FASB issued ASU 2016-14, Note-For-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied to retrospectively to all periods presented. Therefore, amounts for June 30, 2018 have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on previously reported results of operations.

See Auditors’ Report
Note 14- Grants:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cleveland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>$552,153</td>
<td>$570,190</td>
</tr>
<tr>
<td>Other</td>
<td>52,212</td>
<td>5,848</td>
</tr>
<tr>
<td>Third Federal Foundation</td>
<td>1,522,992</td>
<td>847,372</td>
</tr>
<tr>
<td>ArcelorMittal</td>
<td>39,000</td>
<td>-</td>
</tr>
<tr>
<td>Cleveland Housing Network</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Cleveland Neighborhood Progress</td>
<td>18,832</td>
<td>99,220</td>
</tr>
<tr>
<td>Cuyahoga Arts and Culture</td>
<td>6,923</td>
<td>28,140</td>
</tr>
<tr>
<td>The Cleveland Foundation</td>
<td>-</td>
<td>55,000</td>
</tr>
<tr>
<td>Enterprise Community Partners</td>
<td>7,391</td>
<td>5,000</td>
</tr>
<tr>
<td>Enterprise Foundation</td>
<td>40,250</td>
<td>5,000</td>
</tr>
<tr>
<td>Huntington Foundation</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>J P Morgan chase foundation</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>MyCom</td>
<td>55,000</td>
<td>-</td>
</tr>
<tr>
<td>McGregor Foundation</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Neighborhood Connections</td>
<td>12,010</td>
<td>27,548</td>
</tr>
<tr>
<td>NEORSD</td>
<td>46,296</td>
<td>190,685</td>
</tr>
<tr>
<td>Other</td>
<td>18,007</td>
<td>3,050</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,406,066</strong></td>
<td><strong>$1,872,053</strong></td>
</tr>
</tbody>
</table>

Concentration Risk – SVD received approximately 22% and 24% of its revenue and support from governmental agencies for fiscal years ended June 30, 2019 and 2018, respectively. SVD also received approximately 51% and 34% of its revenue and support from Third Federal Foundation for fiscal years ended June 30, 2019 and 2018, respectively. Without the support of the Third Federal Foundation, SVD’s down payment assistance program activities would probably cease or be curtailed.

NOTE 15- Contingent Liabilities

It is the policy of the organization to make sick days available as they accrue. The allowed number of sick days is based on an allowance each year which can accumulate to a maximum amount and will be carried forward. Since there is no requirement that employee compensated absences will be paid by the organization unless sickness occurs, no liability is reported as of June 30, 2019 and 2018.

Vacation time is earned and accrued commencing July 1, of each year and is based on service time of the employee and also considers whether the employee is full or part time. Vacation pay not used as of the end of the year is not normally carried forward to the next year. Consequently, no liability exists as of June 30, 2019.

See Auditors’ Report
Note 16- Related Party Transactions

A board member’s corporation provides computer assistance to the organization. The amount of paid during fiscal year ended June 30, 2019 and 2018 was $10,270 and $6,565, respectively.

SLV has a 5% interest in Slavic Village Recovery, LLC. Included in the receivables is a receivable from Slavic Village Recovery LLC of $12,000 and $12,000 for fiscal years ended June 30, 2019 and 2018, respectively.


Note 17- Retirement plan:

Employees of SVD are covered by a 403 (b) retirement savings plan. SVD matches 50% of the first 4% of an eligible employee’s salary deferral contributions. In addition, at the discretion of the board of directors, the organization may make an additional contribution at year-end. Pension expense for fiscal years ended June 30, 2019 and 2018 was $31,982 and $32,709, respectively.

Note 18- Bad Debt Expense

Management has evaluated the collectability of the various trade receivables and accrued interest income on various projects. Accordingly, during the fiscal year ended June 30, 2019 and 2018 no bad debt expense was recorded. However, due to the uncertainty of collection, no interest income was accrued on the Atlas Savings L.P. loans or the Harvard Elderly Limited Partnership loans.

NOTE 19- Income Taxes

SVD is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reported in the financial statements.

See Auditors' Report

18
NOTE 20- Subsequent Events

The note receivable of $300,000 and corresponding interest due from Atlas Saving L.P.’s was due in October 2018 however the debt was not collected. SVD presently negotiating new terms which would allow the project to continue and also, protect its own interest in the property. The project helps accomplish SVD’s mission and it is SVD’s goal for the project to come to a successful conclusion.

SVD has evaluated subsequent events through December 16, 2019; which is the date the financial statements were available to be issued.

NOTE 21- Consolidation

For presentation purposes Main Street Development, Inc. is not shown separately since its only asset is a .01% interest in the Atlas Savings L.P. which is immaterial. Main Street Development, Inc. has no debt and except for its interest in Atlas Savings L.P. it is economically inactive.

OUL, building, LLC, is not shown separately since this wholly owned LLC is also economically inactive, however, the LLC’s assets are included in the total.
November 27, 2019

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor’s Report

To the Board of Directors
Slavic Village Development
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Slavic Village (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Slavic Village Development’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Slavic Village Development’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether Slavic Village Development’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.
SLAVIC VILLAGE DEVELOPMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** 
RELATED TO MAJOR PROGRAM  
JUNE 30, 2019

<table>
<thead>
<tr>
<th>Federal Grantor Pass-Through Grantor</th>
<th>Federal CFDA Number</th>
<th>Grant Number</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**MAJOR PROGRAM: COMMUNITY DEVELOPMENT BLOCK GRANT**

U.S. Department of Housing and Urban Development  
City of Cleveland  
Housing Trust Fund  
Loan 59083  $300,000

Neighborhood Development Activity  
SG-2018-150-1  552,153*

Total Federal Expenditure  $852,132

*Denotes Major Program  
**Accrual basis

Supplemental Information. See Auditors' Report

22
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Slavic Village Development
Cleveland, Ohio

Report on Compliance for Each Major Federal Program
We have audited Slavic Villages Development’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Slavic Village Development’s major federal programs for the year ended June 30, 2019. Slavic Village Development’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for each of Slavic Village Development’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Slavic Village Development’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance or each major federal program. However, our audit does not provide a legal determination of Slavic Village Development’s compliance.

Opinion on Each Major Federal Program
In our opinion, Slavic Village Development complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance
Management of Slavic Village Development is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Slavic Village Development’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the
purpose of expressing an opinion on compliance for each major federal program and to test and report on
internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of
expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not
express an opinion on the effectiveness of Slavic Village Development’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over
compliance does not allow management or employees, in the normal course of performing their assigned
functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a
federal program on a timely basis. A material weakness in internal control over compliance is a
deficiency, or combination of deficiencies, in internal control over compliance, such that there is a
reasonable possibility that material noncompliance with a type of compliance requirement of a federal
program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in
internal control over compliance is a deficiency, or combination of deficiencies, in internal control over
compliance with a type of compliance requirement of a federal program that is less severe than a material
weakness in internal control over compliance, yet important enough to merit attention by those charged
with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first
paragraph of this section and was not designed to identify all deficiencies in internal control over
compliance that might be material weaknesses or significant deficiencies. We did not identify any
deficiencies in internal control over compliance that we consider to be material weaknesses. However,
material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our
testing of internal control over compliance and the results of that testing based on the requirements of the
Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Slavic Village Development as of and for the year ended
June 30, 2019, and have issued our report thereon dated November 27, 2019, which contained an
unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an
opinion on the financial statements as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional
analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such
information is the responsibility of management and was derived from and related directly to the
underlying accounting and other records used to prepare the financial statements. The information has
been subjected to the auditing procedures applied in the audit of the financial statements and certain
additional procedures, including comparing and reconciling such information directly to the underlying
accounting and other records used to prepare the financial statements or to the financial statements
themselves, and other additional procedures in accordance with auditing standards generally accepted in
the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly
stated on all material respects in relation to the financial statements as a whole.

Kestler, Desoto and Fried
SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements
The auditors' report expresses an unqualified opinion on the financial states of Slavic Village Development for the year ended June 30, 2019.

Financial Statement Reporting and Compliance
- Internal control over financial reporting:
  - Significant deficiency? __ Yes X No
  - Material weakness? __ Yes X No
  - Compliance:
    - Material noncompliance noted? __ Yes X No

Federal Awards
The auditors' report on compliance expresses an unqualified opinion for major federal award programs.
- Internal control over major programs:
  - Significant deficiency? __ Yes X No
  - Material weakness? __ Yes X No
  - Compliance:
    - Material noncompliance noted? __ Yes X No

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.218</td>
<td>Community Development Block Grant</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000
- Auditee qualified as low-risk audited? __ Yes X No
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) __ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS
No Matters were reported. The auditor’s report expresses an unqualified opinion.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Per 2 CFR 200.516 (a)
No matters were reported. Auditors’ report on compliance for major programs was unqualified.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS
No matters were reported. Organization was not subject to Uniform Guidance Standards.